

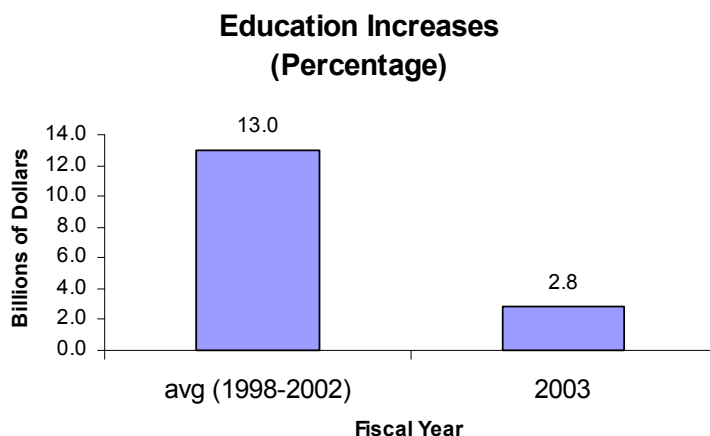
## Function 500: Education, Training, Employment, and Social Services

Function 500 includes funding for the entire Department of Education, social services programs within the Department of Health and Human Services, and employment and training programs within the Department of Labor. It also contains funding for the Library of Congress and independent research and art agencies such as the Corporation for Public Broadcasting, the Smithsonian Institution, the National Gallery of Art, the John F. Kennedy Center for the Performing Arts, the National Endowment for the Arts, and the National Endowment for the Humanities.

The House Republican budget resolution matches the President's budget for 2003 in providing \$72.1 billion in discretionary funding for programs in this function, almost exactly CBO's estimate of the level needed to maintain purchasing power for these programs at the 2002 level.<sup>20</sup> However, this freeze in purchasing power is misleading: it masks the severe decreases in certain programs, such as job training, that are offset by increases in a few high-profile programs, such as special education.

### Education

The Republican budgets increase funding for the Department of Education by \$1.4 billion (2.8 percent) over the 2002 program level but only \$711 million (1.4 percent) above CBO's estimate of the level needed to maintain purchasing power at the 2002 level. This hike pales in comparison with education increases in recent years: Congress raised education appropriations for 2002 by 15.9 percent over the 2001 program level, and by an average of 13.0 percent over each of the past five years.



To fund increases in a few programs — primarily \$1.0 billion each to special education and education for the disadvantaged (Title I), \$549 million to try to maintain Pell Grants at their current levels, and \$100 million for reading — the Republican budgets cut other education programs by \$1.8

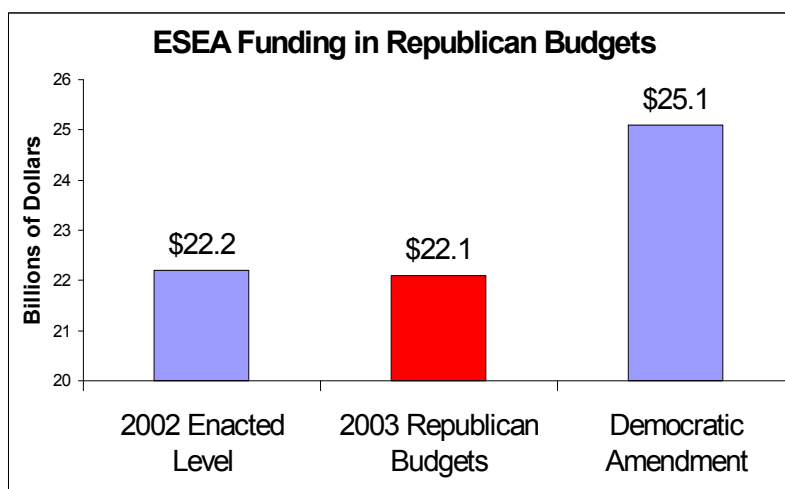
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<sup>20</sup> The President's budget displays an additional \$151 million in this function to account for the full cost of accruing all pensions, retiree pay, and retiree health benefits for employees. This amount reflects only an accounting change and does not represent a programmatic increase. See *Appropriated Programs* and *Creative Accounting* for further discussion.

billion from the 2002 enacted levels. Elementary and secondary education programs except for Title I bear the brunt of the cut, losing \$1.4 billion; the budget cuts higher education programs by \$241 million, and vocational and adult education programs by \$36 million.

- ***Republicans Divert Funding to Private School Tax Credits*** — Rather than fulfill current needs for federal education funding — such as special education, Title I, and Pell Grants, which are all funded well below their authorized levels — the Republican budgets include a new tax credit for students to attend a private or public school if they were assigned to a failing public school. This tax credit costs \$175 million in forgone taxes and government spending in 2003, and \$3.7 billion over five years (2003-2007). (The Republican budget resolution is silent about which particular tax cuts comprise its \$4.4 billion in tax cuts in 2003, but the Republicans claimed the President's private school tax credit.) Because tax credits are not appropriated funding, these costs do not appear in the total of \$72.1 billion of appropriations for Function 500.

- ***Republicans Cut Funding for New Elementary and Secondary Education Act (ESEA)*** — The Republican budgets not only fail to provide all the funding authorized for the No Child Left Behind Act, last year's bipartisan reauthorization of the nation's main elementary and secondary education law, they actually cut funding for these programs by \$90 million from the 2002 enacted level, to \$22.1 billion for 2003.



- ***Republicans Eliminate 28 Elementary and Secondary Education Programs*** — The Republican budgets cut funding for elementary and secondary education programs other than Title I by \$1.3 billion. This requires eliminating 28 programs and other Congressional priorities including Drop-Out Prevention, Rural Education, Civic Education, Close-Up Fellowships, and numerous technology training programs.

***Democrats Try to Increase ESEA Funding*** — During Committee consideration of the Republican resolution, the Democrats offered an amendment to provide \$3 billion more for 2003 (\$15.2 billion over 2003-2007) for ESEA programs. For 2003, this funding included \$2.15 billion for Title I, \$325 million for teacher quality programs, \$250 million for the 21<sup>st</sup> Century Community Learning Centers after-school program, and \$275 million for other ESEA programs. The amendment lost on a party-line vote of 16-20.

- ***Special Education Reserve Fund*** — The Republican budgets include a smaller increase than Congress provided last year for the Individuals with Disabilities Education Act (IDEA) Part B grants to states, increasing them by only \$1.0 billion, for a total of \$8.5 billion for 2003. This funding puts the federal contribution at only 18 percent of the national average per pupil expenditure, still less than half the 40 percent “full funding” federal contribution ceiling authorized by IDEA. The House Republican budget places this \$1.0 billion in a reserve fund that Congress can use only for Part B grants; if Congress provides less than this \$1.0 billion increase, the Function 500 total shrinks by the difference between \$1.0 and the increase for Part B. For 2004 through 2007, the House Republican budget places a total of \$13.6 billion in the reserve fund to be used for IDEA only if the Education and Workforce Committee reauthorizes IDEA, and then the funding may be used for either appropriations or mandatory funding. For 2007, this would provide a 26.3 percent federal share for IDEA.

***Democrats Offer Further IDEA Increases*** — During Committee consideration of the Republican resolution, the Democrats offered an amendment to increase IDEA by \$1.5 billion for 2003, and by an amount that increased by \$1.3 billion each year thereafter (\$20.5 billion over 2003-2007). The amendment would have increased the federal share to 21.6 percent for 2003 and to 29.2 percent for 2007. Republicans defeated the amendment.

- ***Republicans Cut Maximum Pell Grant*** — The Republican budgets claim to freeze the Pell Grant maximum award at the 2002 level of \$4,000 (because more eligible students are expected to apply, the budgets provide another \$549 million for Pell Grants for 2003). However, CBO estimates that the Pell Grant funding in the Republican budgets will actually cut the maximum award to less than \$3,900.

***Democrats Try to Raise Maximum Pell Grant to \$4,500*** — During the Committee markup of the Republican resolution, Democrats offered an amendment to increase the maximum Pell Grant for 2003 by \$500, to \$4,500, and to increase Head Start enrollment to one million children. Republicans defeated the amendment.

## Employment and Training

- ***Republican Budgets Cut Employment Assistance*** — Counting some selected small increases, the Republican budgets include a net funding cut for employment and training programs of \$686 million (12.1 percent) from the 2002 enacted level of \$5.7 billion. This includes a cut of \$363 million for youth training services that prepare low-income youth for academic and employment success, a cut of \$166 million (10.7 percent) from the 2002 enacted level in funding to help dislocated workers, and a cut of \$50 million for state grant funding for employment and training for low-income adults.

## Social Services

- ***Republicans Cut Community Services Programs by 13 Percent*** — The Republican budgets provide \$640 million for community services programs, \$98 million (13.3 percent) below the 2002 enacted level and \$113 million (15.0 percent) below CBO’s estimate of the amount needed to maintain purchasing power at the 2002 level.
- ***Republicans Freeze Head Start Enrollment*** — The Republican budgets provide \$6.7 billion for Head Start, an increase of \$130 million (2.0 percent) over the 2002 enacted level; however, this is not enough to allow Head Start to offer services to any additional children.

***Democrats Try to Increase Head Start Enrollment*** — Democrats on the Committee offered an amendment to increase Head Start funding enough to serve one million children, but Committee Republicans defeated the amendment.

- ***Republicans Freeze Social Services Block Grant and Services for Seniors*** — The Republican budgets freeze funding for many social services programs, including the Social Services Block grant (frozen at the 2002 enacted level of \$1.7 billion), which provides states with broad discretion to use these funds for social services such as child care, child welfare, home-based services, employment services, adult protective services, prevention and intervention programs, and special services for the disabled. The budgets provide \$1.3 billion for Administration on Aging programs, virtually the same as the 2002 enacted level. The bulk of this funding is for nutrition and meal services.

### **Democratic Amendments Defeated in the Budget Committee**

- \$3 billion more for ESEA programs
- \$4,500 maximum Pell Grant award
- Head Start to serve one million children
- Increase Special Education by \$1.5 billion